

## DECISION MEMORANDUM

**TO:** COMMISSIONER KEMPTON  
COMMISSIONER SMITH  
COMMISSIONER REDFORD  
COMMISSION SECRETARY  
COMMISSION STAFF  
LEGAL

**FROM:** NEIL PRICE  
DEPUTY ATTORNEY GENERAL

**DATE:** MAY 1, 2009

**SUBJECT:** IDAHO POWER COMPANY'S APPLICATION SEEKING AUTHORITY  
TO IMPLEMENT A COMMERCIAL AIR CONDITIONER CYCLING  
PILOT PROGRAM, CASE NO. IPC-E-09-12

On April 16, 2009, Idaho Power Company ("Idaho Power" or "Company") filed an Application with the Commission, pursuant to *Idaho Code* §§ 61-502, 61-507, 61-508 and Commission Rules of Procedure 52, seeking authority to implement a Commercial Air Conditioner (AC) Cycling Pilot Program.

### THE APPLICATION

The Application describes the Commercial AC Cycling Program ("Program") as a voluntary program directed towards "small commercial customers similar to its current residential air conditioner cycling program, Schedule 81." Application at 2. The Program was developed in response to "numerous inquiries and requests from its small commercial customers." *Id.* at 2. Idaho Power envisions the Program will allow the Company to evaluate the "pros and cons of each type of cycling device[;]" ascertain the average kW reduction for each type of cycling device; and "determine the peak load reduction potential" of Program participants. *Id.* at 4.

Eligible customers include Schedule 7 and Schedule 9 secondary customers in Ada and Canyon counties with a base load capacity under 200 kW. *Id.* at 3. Under the terms and conditions of the Program, Idaho Power retains discretion as to whether to select or reject Program participants. *Id.* Participating commercial customers can elect to either: (1) install a

direct load control device (“Device”) similar to the one used in the residential Program; or (2) install a PCT which allows “the Company to initiate AC Cycling.” *Id.*

The Program will “run for two (2) Air Conditioning Seasons (June, July, and August), to allow sufficient data and operational information to be obtained in order to evaluate and consider offering a full scale commercial program.” *Id.* at 2. The Company foresees that the Program will enable the Company to address its “summer peaking requirements” by reducing commercial AC use during the summer peaking period. *Id.* at 3. Additionally, the Programmable Controllable Thermostat (“PCT”) may “help reduce overall energy use” which could result in “potential savings to all of the Company’s customers.” *Id.*

Upon installation of either the PCT or Device at the customer’s place of business, customers will receive documentation and training on its use. *Id.* at 4. Thereafter, the Company will have the capability to “initiate a cycling event” by sending a radio/paging signal to the PCT or Device. *Id.* A power line carrier (“PLC”) signal will be used for customers with installed Advanced Metering Infrastructure (“AMI”). *Id.* The radio/paging signal system will be replaced by PLC as AMI installation is completed or the paging type switches require service. *Id.* at 5. Cycling events may last up to four hours, continuous or in various segments, per day during the June-August AC season. *Id.* at 4. Cycling events are limited to at total of 40 hours each month and 120 hours per AC season. *Id.* Compensation for Program participation will consist of a \$7.00 monthly payment for Device participants and the receipt of a PCT for PCT participants. *Id.* at 5.

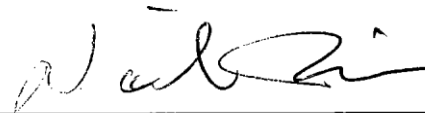
Idaho Power requests that the “costs of the Program be paid by use of the Energy Efficiency Rider funds collected under Schedule 91.” *Id.* The Company estimates that the costs for the Program will be approximately \$325,500 for 2009 and \$340,800 for 2010. *Id.* In the Application, Idaho Power expresses its opinion that due to increased installation costs, as compared to the Residential AC Cycling Program, the commercial Program is not cost-effective at this point in time. *Id.* The Company’s opinion regarding the peak load reduction capability for either the Device or PCT was informed by its consultation with other utilities operating similar programs as well as other organizations such as the Advanced Load Control Alliance. *Id.* at 6. However, the Company also believes that the Program could become cost effective if the “average load reduction of at least 2 kW is achieved at a 50 percent cycling rate. . . .” *Id.*

The Company will acquire data regarding the Program's potential to reduce peak load by "installing data loggers on a sample of pilot participants." *Id.* at 6. Idaho Power will also solicit and evaluate data regarding customer preference, level of comfort and overall satisfaction with the Program. *Id.*

The Application includes, as Attachment No. 1, a copy of a proposed new tariff Schedule 82 which includes a detailed description of the Program, terms and conditions for Program participation and the discontinuation of Program participation. *Id.* at 5; Attachment No. 1. The Company requests that the Application be processed through Modified Procedure "as expeditiously as is reasonably possible." *Id.* at 7

### COMMISSION DECISION

Does the Commission wish to process Idaho Power's Application for authority to implement a voluntary Commercial AC Cycling Pilot Program through Modified Procedure?



---

Neil Price  
Deputy Attorney General

M:IPC-E-09-12\_np